



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
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Memorandum

To: The Honorable Steven M. Costantino
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Rosemary Booth Gallogly *RB Gallogly*
Executive Director/State Budget Officer

Date: April 6, 2009

Subject: New Article for the FY 2010 Appropriations Act (09-H-5983)

The Governor requests that a new article entitled Relating to Unemployment Trust Fund Delegated Authority be added to the FY 2010 Appropriations Act. The new article allows the Governor to delegate to the Director of Labor and Training the authority to request Title XII advances to the State's account in the Unemployment Trust Fund from the federal unemployment account in accordance with Section 1201 of the Social Security Act when deemed necessary. The article would allow the governor to delegate to the Director of Labor and Training the authority to make voluntary repayments of Title XII advances from the State's account in the Unemployment Trust Fund to the federal unemployment account when deemed necessary or appropriate.

If you have any questions regarding this amendment, feel free to call me at 222-6300 or Valentino Lombardi of the Department of Labor and Training at 462-8892.

RBG:sm09-142
cc: Michael O'Keefe
Peter Marino
Tim Costa
Michael Cronan
Gregory Stack

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NEW ARTICLE

RELATING TO EMPLOYMENT SECURITY TRUST FUND

DELEGATED AUTHORITY

SECTION 1. Section 28-42-33 of the General Laws in Chapter 28-42 entitled "Employment Security – General Provisions" is hereby amended to read as follows:

§ 28-42-33. Modifications to protect fund. – (a) Whenever the director believes that a change in contribution and/or benefit rates will become necessary to protect the fund, he or she shall at once inform the governor and the general assembly and make recommendations accordingly. In that case, the governor may declare an emergency and authorize the director to announce a modified scale of benefits, an increased waiting period, or other changes in rules and regulations regarding eligibility for payment of benefits which the director may deem necessary to assure the solvency of the fund. Those modified regulations are to be in effect until the governor declares the emergency at an end, or until further action is taken by the general assembly.

(b) The governor may also request Title XII advances from the federal unemployment account to the account of the State of Rhode Island in the unemployment trust fund in accordance with the provisions of Section 1201 of the Social Security Act. The governor may delegate authority to request funds in this manner to the director, who may request advances in payment as he or she deems necessary, provided that upon making such a request, the director shall notify the governor, the speaker of the house, the senate president, the chairman of the house finance committee and the chairman of the senate finance committee of the action taken.

SECTION 2. Section 28-43-34 of the General Laws in Chapter 28-43 entitled "Employment Security – Contributions" is hereby amended to read as follows:

§ 28-43-34 Repayment – Federal advances. – (a) If at any time the amount in the employment security fund exceeds the amount of any outstanding balance of this state due to the

1 federal unemployment account in the unemployment trust fund, the governor may, upon
2 recommendation of the director, in accordance with federal law and regulations in effect, cause
3 to be paid from the employment security fund an amount equal to the outstanding balance to the
4 federal unemployment account.

5 (b) If on June 30, 1985, or on any subsequent June 30, the amount in the employment
6 security fund exceeds the amount of any outstanding balance of this state due to the federal
7 unemployment account in the unemployment trust fund, the governor shall, in accordance with
8 federal law and regulations then in effect, cause to be paid from the employment security fund
9 an amount equal to the outstanding balance to the federal unemployment account; provided, that
10 the remaining balance in the unemployment security fund after that payment will equal or
11 exceed twenty-five percent (25%) of the amount of benefits estimated by the director to be paid
12 in the next succeeding twelve (12) months.

13 (c) In any calendar year beginning on or after January 1, 1983, The governor may,
14 upon recommendation of the director, cause to be paid from the employment security fund to
15 the federal unemployment account, any amount or amounts if, in accordance with federal laws
16 and regulations then in effect, the governor deems that payment to be in the best interest of this
17 state.

18 (d) The governor may delegate his or her authority to make voluntary repayments of
19 Title XII advances from the account of the State of Rhode Island in the unemployment trust
20 fund to the federal unemployment account to the director in accordance with the provisions of
21 Section 1202 of the Social Security Act. The director may make voluntary repayments as he or
22 she deems necessary, provided that upon making such a voluntary repayment, the director shall
23 notify the governor, the speaker of the house, the senate president, the chairman of the house
24 finance committee and the chairman of the senate finance committee of the action taken.

25 SECTION 3. This article shall take effect upon passage.